



Certified Mail and Signature Return Requested

**Mr. Wayne Lemoi
Director, South Region
Office of Pipeline Safety
233 Peachtree St. Sta. 600
Atlanta, Ga. 30303**

January 11, 2011

Reference CPF 2-2010-6007

Dear Mr. Lemoi;

In reference to your letter of December 22, 2010 concerning the inspection of TPM Lucy Woodstock Marine Terminal Anhydrous Ammonia pipeline system; please accept our corrective actions and response to the three items listed in your letter.

Item 1:

195.410 Line markers.

(a) Except as provided in paragraph (b) of this section, each operator shall place and maintain line markers over each buried pipeline in accordance with the following:

(1) Markers must be located at each public road crossing, at each railroad crossing, and in sufficient number along the remainder of each buried line so that its location is accurately known.

(2) The marker must state at least the following on a background of sharply contrasting color:

(i) The word "Warning," "Caution," or "Danger" followed by the words "Petroleum (or the name of the hazardous liquid transported) Pipeline," or "Carbon Dioxide Pipeline," all of which, except for markers in heavily developed urban areas, must be in letters at least 1 inch (25 millimeters) high with an approximate stroke of 1/4-inch (6.4 millimeters) .

(ii) The name of the operator and a telephone number (including area code) where the operator can be reached at all times.

In regards to your phone conversation 27 October 2010, all pipeline signage was corrected to "Anhydrous Ammonia" prior to close of business day 29 October 2010. Correspondence via telephone and written letter verified this corrective action.

PHMSA is aware of our continued position concerning product identification on the Anhydrous Ammonia pipeline system, in regards to the environmental safety and integrity of the pipeline due to continued drug related production in this area. We have been given guidance from other area government agencies in regard to replacing "Anhydrous Ammonia" specific labels with something that does not signal the contents of the product in the line for potential drug-desiring individuals. We are fully aware the purpose of the pipeline signage is to identify pipeline location and provide guidance for first responders other than pipeline company employees. This specific pipeline is 9.1 miles long, the police and fire departments are educated on the location and contents of the line yearly and reviewed periodically with the local EMA, LEPC and AMSC (Area Maritime Security Committee) during monthly meetings. Stating "Chemical Pipeline" on all signage as well as the Terminal Name and Number would give a

quick reminder to the first responders of this specific pipeline. Nevertheless, we will continue to operate using specific product listed signage and continue coordinating with PHMSA on our situation. We will review and take under consideration PHMSA's special permit request procedures regarding this ongoing battle.

TPM, inc is in the process of completing installation of \$100,000 security system including a power line and poles from the DuPont meter station across the Loosahatchie River to block valve # five for lights, fiber optic transmission and 24/7 surveillance of this site. This area has seen the most traffic and suspicious activity. The system will include: razor wire on top of the expanded metal fence with reinforced poles similar to military and or prison fencing, harden chain and locks on all valves and gate and valve box locked covers. This installation will be operational by end of January 2011, weather permitting. In addition, we have increased aerial and foot patrol to at least 3 to 5 times a week on an unscheduled random basis, night and day.

Therefore, we request that the preliminarily penalty of \$35,000.00 be waived based on our past DOT operational performance and on the amount of funds we are spending to protect the environment, public and integrity of the Anhydrous Ammonia pipeline system.

Item 2

\$195.420 Valve maintenance

(c) Each operator shall provide protection for each valve from unauthorized operation and from vandalism.

During the field inspection two locks were found to be unsecured, however at both locations redundant locks and security measures are in place to prevent unauthorized operation and vandalism. Oversight #1: although the valve chain appeared to be locked the mechanical catch did not fully engage. However, at Block valve #1 the gate lock was secure and the valve station is within a Homeland Security regulated and patrolled site. Oversight #2 although the gate lock appeared to be locked the mechanical catch did not fully engage at block valve #4. However multiple valve locks, hardened chain and locked valve boxes are in place to prevent unauthorized operation and vandalism of the site. All locks have been replaced throughout the system to ensure proper working order and will be monitored on a regular basis as these sites are often under water. Modifications have been made to the block valve and site inspection forms addressing security measures in place including locks, chains and fencing. Please see attached form.

We request that the preliminarily penalty of \$25,900.00 be waived based on our past DOT operational performance maintenance and integrity. These sites are visited weekly weather permitting.

Item 3

\$195.583 What must I do to monitor atmospheric corrosion control?

(a) You must inspect each pipeline or portion of pipeline that is exposed to the atmosphere for evidence of atmospheric corrosion, as follows:

If the pipeline is located onshore;

Then the frequency of inspection is at least once every 3 calendar years, but with intervals not exceeding 39 months.

(b) During inspections you must give particular attention to pipe at soil-to-air interfaces, under thermal insulation, under disbonded coatings, at pipe supports, in splash zones, at deck penetrations, and in spans over water.

(c) If you find atmospheric corrosion during an inspection, you must provide protection against the corrosion as required by \$195.581.

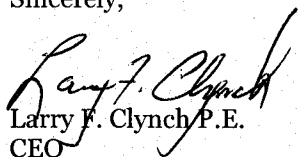
Atmospheric corrosion checks have been performed per CFR 195.583 along the system and maintained since system construction. The block valve sites and meter skids were painted in 2010; current records were maintained on semi annual mainline valve and station reports. Mr. Hindman, PHMSA field inspector requested a more detailed report, please see attached form which will be completed and maintained in current DOT files once every three calendar years not to exceed 39 months.

Therefore, we request that the preliminarily penalty of \$13,700.00 be waived based on our past DOT operational performance, pipeline integrity and safety related records.

We pride ourselves of being a conscientious pipeline operator and have a proven pipeline, environmental, safety and community awareness history.

We humbly request that the civil penalties be waived based on our quick action to rectify these items and our current and past performance as a superior pipeline operator.

Sincerely,



Larry F. Clynch P.E.
CEO

TPM Site Checklist
 Lucy Woodstock Marine Terminal and Pipeline
 Location: Memphis, TN

Month and Year: _____

Flanges / Seals / No Leaks										
Scraper Trap Area # 1 & #2										
Camera and lights working properly # 5										
Fences and Gates Locked and Secured										
All Valves locked with chain and lock secure										
Valve Position Right										
Gate's chain and lock properly secured										
Pipeline signs in place and legible										
Water, tree or other damages to facility										
Vegetation Maintenance										
Other notes:										
Initials Person Making Inspection										

Note: Place checks next to items inspected, place initials in bottom column.
 Completed form will be returned to the Lucy Woodstock Terminal Office.

Remarks:

1/2/2010

DuPont Site Checklist
Lucy Woodstock Marine Terminal

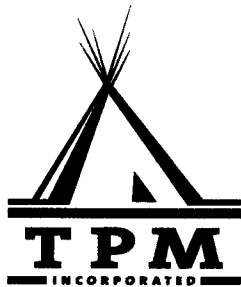
Location: Memphis, TN

Month: _____

Date:										
Flanges / Seals / No Leaks										
Scraper Trap Area										
Area Lighting in Working Order										
Fences and Gates Locked and Secured										
General Housekeeping/ outside										
Station Office / inside										
Climate/ Summer = cool air conditioner										
Winter = warm heater on										
Valve Position Lights										
E&H Recorders Operational;										
Yokogawa Chart Recorder Operating										
Air Monitor #1 South LEL										
Air Monitor #2 NH-3 Meter										
Air Monitor #3 NH-3 Pole										
Air Monitor #4 North LEL										
Initials Person Making Inspection										

Note: Place checks next to items inspected, place initials in bottom column.
Completed form will be returned to the Lucy Woodstock Terminal Office.

Remarks:



January 11, 2011

Mr. Wayne Lemoi
Director, South Region
Office of Pipeline Safety
233 Peachtree St. Sta. 600
Atlanta, Ga. 30303

Dear Mr. Lemoi,

This note is intended to give some background on the actions taken in regards to marking of the Anhydrous Ammonia line that we operate in Tennessee.

Our goal, just like the Department's is to protect the public while performing our job. Beginning around 2005 we began to notice the Anhydrous Ammonia line was getting more attention on the Right of Way, and we felt it was more than just curiosity. We talked with LEPC members about it and we were informed that Memphis was a center for crystal meth manufacture and distribution and that we were moving one of the key components used in the manufacture. We had a couple of incidents in 2005 and 2006 which looked like attempts to access the line for removal of product. Further casual discussions with local members of the Dept of Homeland Security resulted in a recommendation that we eliminate the exact product identifier on the pipeline marker for better security and public safety. That suggestion prompted my letter to your predecessor asking if we could change the marking to some other designation other than Anhydrous Ammonia. The local fire and police departments concurred with this and stated that they knew what was in the line and would not be adversely affected during an emergency by the line being marked other than Anhydrous Ammonia. The Director responded and stated that we should not change the marking. In a telephone call, she expressed that she did not have any knowledge of this being a problem anywhere else. In a follow up, we were informed by other members of the department that line break-ins had happened in a couple of other states.

We did not change our signs, although Homeland Security continued to recommend that we do so. We did increase our line surveillance by helicopter and land.

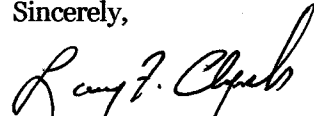
In 2009 we experienced two very significant attempts to penetrate the line. The last one was disrupted by persons unknown, but tools, tapping devices and camouflage was left at the block site. The Right of Way has been listed on the ATV and off-road vehicle web sites and we have noticed a greater number of people using it and camping in the area. We inquired via telephone to the Department and thought we had received permission to change the signs. When informed of this I asked my Manager to double check and get the response in writing. We elected to change the signage and wait to visit with our local Senior Engineer, Mr. Hindman, who was scheduled to arrive in a few days and discuss this threat to public safety with him. The request of confirmation in writing of permission was not forthcoming. Upon his arrival we explained our problem and asked his opinion about our actions. He responded that we should change the signs back which we did within 48 hours. We asked Mr. Hindman to present our problem to others in the department and see if an alternate solution could be found.

We are very concerned that one of these attempts will be successful. I believe that any innocent bystanders using the trails will be at risk.

We have installed a live feed camera and lights feeding into our security system at the site after the last attempt, replaced all chains and locks on the valves and fences with hardened material, and replaced the fence with stronger posts, expanded metal and razor wire. The last attempt had been camouflaged where bolt cutters had been used to unlock the valves, fence gate and fence panel removal. We continue to patrol with aerial and personnel on an almost daily basis. The police mounted patrol is trying to help by using the site during their regular training operations.

I still believe we are at great risk, and would like to see if we can find a better method of marking the system instead of advertising its exact product. Your official attention and remediation would be greatly appreciated.

Sincerely,

A handwritten signature in cursive script, appearing to read "Larry F. Clynch".

Larry F. Clynch, P.E.
CEO